

STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
DIVISION OF MORTGAGE LENDING

\* \* \*

In re:

U.S. Loan Modification Services, LLC,  
Jeff Strum, and Gail Strum

Respondents.

## FINAL ORDER

The State of Nevada, Department of Business and Industry, Division of Mortgage Lending (hereinafter, the "Division"), having served U.S. Loan Modification Services, LLC, Jeff Strum, and Gail Strum (hereinafter, "Respondents") on June 11, 2010, with its Order to Cease and Desist, Order Imposing Licensure Conditions, Notice of Intent to Impose Fine and Notice of Right to Request Hearing, attached hereto as **Exhibit "A"** and incorporated herein by reference, which notified Respondents that a final order would issue in this matter unless, within twenty (20) days of entry and receipt of said Order, Respondents requested a hearing to contest the charges against it, with said request to be made in writing, and;

Said Order having been sent to Respondents via certified mail and regular mail on June 11, 2010, and;

Respondents having requested a hearing in this matter, and this matter now having been heard by the State of Nevada, Department of Administration, Hearings Division who issued its Decision and Order on October 18, 2010, attached hereto as **Exhibit "B"** and incorporated herein by reference, and good cause appearing:

///

1 NOW, THEREFORE, **IT IS HEREBY ORDERED** that the Decision and Order issued by  
2 the State of Nevada, Department of Administration, Hearings Division dated on  
3 October 18, 2010 shall represent the Final Order of the Division upon the terms contained  
4 therein.

5 **IT IS FURTHER ORDERED** that the sum of said administrative fines, fees and/or costs  
6 be paid in full immediately upon of entry of the instant Order;

7  
8 Dated this 25<sup>th</sup> day of October, 2010.

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10 State of Nevada  
11 Department of Business and Industry  
12 Division of Mortgage Lending

13 By: Joseph L. Waltuch  
14 Joseph L. Waltuch, Commissioner  
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Exhibit “A”

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**STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
DIVISION OF MORTGAGE LENDING**

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In re:

U.S. Loan Modification Services, LLC,  
Jeff Strum, Gail Strum

Respondents.

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**ORDER TO CEASE AND DESIST,  
ORDER IMPOSING LICENSURE CONDITIONS,  
NOTICE OF INTENT TO IMPOSE FINE  
AND NOTICE OF RIGHT TO REQUEST HEARING**

The licensing and regulation of loan modification consultants, foreclosure consultants and other persons providing 'covered services' as defined in Nevada Revised Statutes ("NRS") 645F.310 in the State of Nevada is governed by Chapter 645F of NRS and by permanent regulation R052-09 promulgated pursuant thereto (the "Regulation"). The State of Nevada, Department of Business and Industry, Division of Mortgage Lending (the "Division") has the general duty to exercise supervision and control over covered service providers, foreclosure consultants and loan modification consultants. See Chapter 645F of NRS and the Regulation. Pursuant to that authority, the Division makes the following Factual Allegations, Violations of Law, and Order, as follows:

**FACTUAL ALLEGATIONS**

1. Based upon information and belief, and at all relevant times herein mentioned, U.S. Loan Modification Services ( "U.S. Loan") was and is a Nevada limited liability company with an office located at 2461 Professional Court #110, Las Vegas, Nevada. Currently, U. S. Loan's status with the Nevada Secretary of State is "active."

2. On approximately January 27 2010, the Division issued U.S. Loan an independent licensee covered service provider license (License No. 3351). The Division

1 currently classifies U.S. Loan's license as "closed."

2 3. Based upon information and belief, and at all relevant times herein mentioned,  
3 Jeff Strum ("JS"), an individual, and Gail Strum ("GS"), an individual, were the owners, officers  
4 and managers of U.S. Loan.

5 4. On approximately January 27, 2010, the Division issued JS an associated  
6 licensee license (License No. 46769) as an employee of U.S. Loan. The Division currently  
7 classifies JS's license as "inactive."

8 5. On approximately January 12, 2010, the Division issued GS an associated  
9 licensee license (License No. 46768) as an employee of U.S. Loan. The Division currently  
10 classifies GS's license as "inactive."

11 6. U.S. Loan, JS and GS are hereinafter referred to individually as Respondent or  
12 collectively as Respondents, as the context requires.

13 7. Pursuant to the Regulation, "[i]n addition to the other duties imposed upon the  
14 Commissioner by law for the general supervision of licensees, the Commissioner  
15 will...[c]onduct an examination of each independent licensee doing business in this State  
16 within 3 months after the independent licensee commences business in this State and at least  
17 annually thereafter..." See the Regulation, Section 63.

18 8. Pursuant to Section 63 of the Regulation, the Division commenced a regularly  
19 scheduled annual examination of U.S. Loan on April 5, 2010 which revealed, among other  
20 things, that U.S. Loan:

21 a. Failed to place moneys collected from homeowners for the provision of  
22 covered services into a separate trust account at a federally insured depository institution  
23 located in this state and designated as "trust funds," "escrow accounts," or some other  
24 appropriate name indicating the funds did not belong to U.S. Loan, and commingled  
25 homeowners' money with its own;  
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1           b.     Failed to keep and maintain complete and suitable records of all covered  
2 services transactions it conducted, including, but not limited to, records related to the trust  
3 account(s) which clearly identify: the name, address and telephone number of each  
4 homeowner; the account number of each loan; the address and contact information of each  
5 lender or loan servicer related to each loan; the amount and date of each deposit; and the  
6 amount and date of each withdrawal with the name of each recipient;

7           c.     Failed to reconcile its bank accounts and/or failed to have monthly  
8 reconciled balances on deposits equal to all moneys collected and deposited and not yet  
9 legitimately disbursed;

10           d.    Withdrew moneys collected from homeowners from its bank account  
11 without being able to explain what the money was used for; and  
12

13           e.    Utilized or converted trust moneys for its own personal business purposes.

14           9.    Pursuant to NRS 645F.394, "[a]ll money paid to a person who performs any  
15 covered service for compensation, a foreclosure consultant or a loan modification consultant  
16 by a person in full or partial payment of covered services to be performed: (a) [m]ust be  
17 deposited in a separate checking account located in a federally insured depository financial  
18 institution or credit union in this State which must be designated a trust account; (b) [m]ust be  
19 kept separate from money belonging to the person who performs any covered service for  
20 compensation, the foreclosure consultant or the loan modification consultant; and (c) [m]ust  
21 not be withdrawn by the person who performs any covered service for compensation,  
22 foreclosure consultant or loan modification consultant until the completion of every covered  
23 service as agreed upon in the contract for covered services." See NRS 645F.394(1).  
24

25           10.   Pursuant to Section 73 of the Regulation, "a 'separate trust account' means a  
26 trust account maintained with a federally insured depository institution located in this State  
27 that is separate from accounts belonging to the independent licensee. The trust account:  
28

1 [m]ust at all times have a reconciled balance on deposit equal to all money collected and  
2 deposited and not yet legitimately disbursed... [and] [m]ust be reconciled monthly by the  
3 independent licensee..."

4 11. Pursuant to NRS 645F.394, "[t]he person who performs any covered service for  
5 compensation, the foreclosure consultant or the loan modification consultant shall keep  
6 records of all money deposited in a trust account pursuant to subsection 1. The records must  
7 clearly indicate the date and from whom he or she received money, the date deposited, the  
8 dates of withdrawals, and other pertinent information concerning the transaction, and must  
9 show clearly for whose account the money is deposited and to whom the money belongs.  
10 The person who performs any covered service for compensation, the foreclosure consultant  
11 or the loan modification consultant shall balance each separate trust account at least monthly  
12 and provide to the Commissioner, on a form provided by the Commissioner, an annual  
13 accounting which shows an annual reconciliation of each separate trust account. All such  
14 records and money are subject to inspection and audit by the Commissioner and authorized  
15 representatives of the Commissioner." See NRS 645F.394(2).  
16

17 12. Pursuant to Section 74 of the Regulation "1. Except as otherwise provided in  
18 this section, not later than 120 days after the last day of each fiscal year for an independent  
19 licensee, the independent licensee shall submit to the Commissioner a financial statement  
20 that: a. [i]s dated not earlier than the last day of the fiscal year; and b. [h]as been prepared  
21 from the books and records of the independent licensee by an independent certified public  
22 accountant who holds a permit to engage in the practice of certified public accounting in this  
23 State or another state."  
24

25 13. To date, U.S. Loan has failed to file its financial statement with the  
26 Commissioner.  
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1           14. Pursuant to Section 103 of the Regulation, "[f]or each violation committed by a  
2 person who engages in an activity for which licensure as a covered service provider,  
3 foreclosure consultant or loan modification consultant is required under this chapter and  
4 chapter 645F of NRS, without regard to whether the person is licensed under this chapter and  
5 chapter 645F of NRS, the Commissioner may impose upon the person an administrative fine  
6 of not more than \$10,000, and if the person holds a license as a covered service provider,  
7 foreclosure consultant or loan modification consultant, the Commissioner may suspend,  
8 revoke or place conditions upon the person's license, or may do both, if the person... [d]oes  
9 not conduct business in accordance with law or has violated any provision of this chapter or  
10 chapter 645F of NRS or any order of the Commissioner;...[i]s in such financial condition that  
11 the person cannot continue in business with safety to his customers;...[or] [h]as commingled  
12 the money or other property of a client with his own or has converted the money or property of  
13 others to his own use..." See Section 103(3)(a), (c), (d), and (n) of the Regulation.

15           15. Pursuant to Section 103 of the Regulation, "[a] person who engages in an  
16 activity for which licensure as a covered service provider, foreclosure consultant or loan  
17 modification consultant is required under this chapter and chapter 645F of NRS, without  
18 regard to whether the person is licensed under this chapter and chapter 645F of NRS, may be  
19 required by the Commissioner to pay restitution to any person who has suffered an economic  
20 loss as a result of a violation of the provisions of this chapter or chapter 645F of NRS...." See  
21 Section 103(2) of the Regulation.

23           16. Pursuant to Section 108 of the Regulation, "[i]f a person engages in an activity  
24 in violation of the provisions of this chapter or chapter 645F of NRS or an order of the  
25 Commissioner, the Commissioner may issue an order directing the person to cease and  
26 desist from engaging in the activity." See Section 108(1) of the Regulation.  
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### VIOLATIONS OF LAW

Respondent U.S. Loan violated NRS 645F.394 and Section 103 of the Regulation in that such Respondent:

1. Failed to file an annual accounting and a financial statement, in violation of NRS 645F.394(2) and Section 74 of the Regulation;

2. Failed to deposit client moneys in a trust account and/or removed money from a trust account when not authorized to do so, in violation of NRS 645F.394(1) and (2) and Sections 73 and 103(3)(n) of the Regulation;

3. Does not conduct business in accordance with law, in violation of Section 103(3)(c) of the Regulation;

4. Is in such financial condition that it cannot conduct business with safety to its customers, in violation of Section 103(3)(d) of the Regulation; and

5. Has commingled clients' money with its own or has converted such money to its own use, in violation of NRS 645F.394(1) and (2) and Regulation 103(3)(n).

### ORDER

**NOW, THEREFORE, THE COMMISSIONER OF THE DIVISION HEREBY ORDERS** that, based on Respondent U.S. Loan's multiple violations of Chapter 645F of NRS and the Regulation, and pursuant to Chapter 645F of NRS and Section 108(1) of the Regulation, **RESPONDENTS U.S. LOAN, JS AND GS, AND EACH OF THEM, IMMEDIATELY CEASE AND DESIST** from the following activities:

1. Advertising for and/or soliciting covered services, foreclosure consultant and/or loan modification consultant business in the State of Nevada, whether as an independent licensee or as an associate licensee, without further written approval of the Division to conduct such activities; and

1           2.     Offering or providing any of the services of a covered service provider  
2     foreclosure consultant and/or loan modification consultant, or otherwise engaging in, carrying  
3     on or holding themselves out as engaging in or carrying on the business of a covered service  
4     provider, foreclosure consultant and/or loan modification consultant, whether as an  
5     independent licensee or as an associate licensee, in the State of Nevada without further  
6     written approval from the Division to conduct such activities.

7           **IT IS FURTHER ORDERED**, pursuant to Chapter 645F of NRS and Section 108(4) of  
8     the Regulation, that upon filing a verified petition with the Division within **twenty (20) days** of  
9     receipt of this Order to Cease and Desist, Respondents, and each of them, shall be entitled to  
10    a hearing with regard to the contents of this Order to Cease and Desist. Each such  
11    Respondent is advised, however, that the provisions of this Order to Cease and Desist are  
12    effective immediately upon such Respondent being served therewith, whether or not such  
13    Respondent requests a hearing.

14           **IT IS FURTHER ORDERED**, pursuant to Chapter 645F of NRS and Section 113(2) of  
15    the Regulation that upon written application to the Division within **twenty (20) days** of the  
16    date of this Order, Respondents, and each of them, shall be entitled to a hearing with regards  
17    to the contents of this Order referenced hereafter. At that hearing the Division will seek:

18           1.     The imposition of an administrative fine against Respondents, jointly and  
19    severally, in the amount of Fifty Thousand Dollars and No Cents (\$50,000.00), payable to the  
20    Division on account of such Respondents violations of Chapter 645F of NRS and the  
21    Regulation, the Division's examination fees in the amount of Four Thousand Seven Hundred  
22    and Forty Dollars and No Cents (\$4,740.00), the Division's investigatory and other costs in the  
23    amount of One Hundred Eighty Dollars and No Cents (\$180.00), as well as the Division's  
24    attorney's fees, if any, incurred herein, all to be proven at the hearing; and  
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1           2.       Payment, in full, to the Division of both the administrative fine in the amount of  
2       Fifty Thousand Dollars and No Cents (\$50,000.00), the Division's examination fees to date in  
3       the amount of Four Thousand Seven Hundred and Forty Dollars and No Cents (\$4,740.00),  
4       the Division's investigatory and other costs in the amount of One Hundred Eighty Dollars and  
5       No Cents (\$180.00), as well as the Division's attorney's fees, if any, by such Respondents,  
6       who shall be jointly and severally liable, within **thirty (30) days** of entry of the Final Order.

7           **IT IS FURTHER ORDERED**, pursuant to Chapter 645F of NRS and Section 103(2) of  
8       the Regulation, that Respondents immediately (a) cancel all contracts, if any, with Nevada  
9       homeowners and refund to such homeowners all moneys collected by such Respondents  
10      from such homeowners for which completed services have not been rendered, or (b) obtain  
11      the written consent of the homeowners to transfer their files, moneys and contracts to a  
12      licensed, bonded independent licensee, HUD-approved counseling service or other entity  
13      exempt from Chapter 645F of NRS.

14           **IT IS FURTHER ORDERED**, that Respondents shall:

15           1.       Immediately notify in writing all homeowners involved in an open or pending  
16           covered service transaction of this Order;

17           2.       Submit to the Commissioner, within three (3) business days from the date of the  
18           service of this Order, a list of all open or pending covered service transactions, along with proof  
19           of mailing of the written notice required in section 1, above;

20           3.       Retain, within five (5) business days after service of this Order and at their own  
21           expense and choosing, a Nevada licensed or registered certified public accountant to reconcile  
22           all books and records of the licensed entity's operating accounts and trust accounts maintained  
23           for customer funds, including reconciliation to bank statements, and all transfers between  
24           operation and trust accounts, from inception of Respondent U.S. Loan to May 25, 2010, and  
25           submit the reconciliation to the Commissioner within thirty (30) days from the date of the service  
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1 of this Order. Such reconciliation shall specifically include a complete accounting of all moneys  
2 that, pursuant to NRS 645F.394 and Section 103 of the Regulation, should have been held in  
3 trust for each homeowner for whom Respondent U.S. Loan has not fully completed covered  
4 services for which it contracted. Further, such certified public accountant shall be unrelated to  
5 Respondents or their family members, and Respondents shall provide the name, address, and  
6 telephone number of such certified public accountant to the Division immediately upon his or  
7 her retention;

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9 4. Upon submission to the Commissioner of the reconciliation provided for in  
10 Number 3, above, Respondents shall deposit sufficient money into a trust account(s) to rectify  
11 any shortfall that is discovered as a result of such reconciliation, and shall provide proof of such  
12 deposit in writing to the Commissioner; and

13 **NOTICE TO RESPONDENTS:** If you request a hearing, you are specifically informed  
14 that you have the right to appear and be heard in your defense, either personally or through  
15 your counsel of choice at your own expense. At the hearing, if one is timely requested, the  
16 Division will call witnesses and present evidence against you. You have the right to respond  
17 and to present relevant evidence and argument on all issues involved. You have the right to  
18 call and examine witnesses, introduce exhibits and cross-examine opposing witnesses on any  
19 matter relevant to the issues involved.  
20

21 All notices to the Division must be sent by U.S. Postal Service or private carrier or  
22 delivery service to:

23 Commissioner  
24 Division of Mortgage Lending  
25 7220 Bermuda Road, Suite A  
Las Vegas, NV 89119

26 **IT IS FURTHER ORDERED** that if any Respondent fails to abide by any of the above  
27 referenced conditions now imposed upon his, her or its license under NRS Chapter 645F and  
28 the Regulation, such failure shall constitute grounds for summary suspension, revocation or

1 other discipline deemed appropriate in the discretion and within the statutory authority of the  
2 Commissioner.

3 Should Respondents, or any of them, not timely request a hearing within **twenty (20)**  
4 **days** of the date of this Order; the Division will enter a Final Order in this matter against such  
5 Respondents, and each of them, as required by Section 113(2) of the Regulation. The  
6 Division's Final Order will require payment by such Respondents, jointly and severally, of the  
7 administrative fine, examination fees, investigatory and other costs, the Division's attorney's  
8 fees and restitution amounts within **thirty (30) days** of the entry of the Final Order.  
9

10 Dated this 9<sup>th</sup> day of June, 2010.

11 State of Nevada  
12 Department of Business and Industry  
13 Division of Mortgage Lending

14 By:

15 Joseph L. Waltuch  
16 Joseph L. Waltuch, Commissioner  
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CERTIFICATE OF SERVICE

I certify that I am an employee of the State of Nevada, Department of Business and Industry,  
Division of Mortgage Lending, and that on , June 11, 2010, I deposited in the U.S. mail, postage  
prepaid via First Class Mail and Certified Return Receipt Requested, a true and correct copy of  
the foregoing, ORDER TO CEASE AND DESIST, ORDER IMPOSING LICENSURE  
CONDITIONS, NOTICE OF INTENT TO IMPOSE FINE AND NOTICE OF RIGHT TO  
REQUEST HEARING for U.S. LOAN MODIFICATION SERVICES, LLC, JEFF STRUM,  
GAIL STRUM, addressed as follows:

Jeff Strum and Gail Strum  
U.S. Loan Modification Services, LLC  
2461 Professional Court #110  
Las Vegas, NV 89128

Certified Receipt Number: 7008 1830 0002 7959 6120

Jeff Strum and Gail Strum  
U.S. Loan Modification Services, LLC  
10161 W. Park Run Drive  
Las Vegas, NV 89135

Certified Receipt Number: 7008 1830 0002 7959 6137

Jeff Strum and Gail Strum  
9608 Grand Isle Lane  
Las Vegas, NV 89144

Certified Receipt Number: 7008 1830 0002 7959 6144

DATED this 10th day of June, 2010

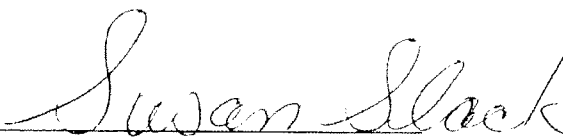
By:   
Employee of the Division

Exhibit “B”

2010/51

RECEIVED

OCT 20 REC'D

**BEFORE THE APPEALS OFFICER**

Mortgage Lending Division

In the Administrative Action of:

Appeal No: 76549-NR

U.S. Loan Modification Services, LLC,  
Jeff Strum, and Gail Strum,

Respondents.

**FILED**

**OCT 19 2010**

**APPEALS OFFICE**

**DECISION AND ORDER**

This matter was heard on October 7, 2010 before Hearing Officer Nancy Richins, Esq. Respondent Jeff Strum ("Respondent Strum") was present in proper person. Respondent Gail Strum was not present, nor were any other representatives of Respondent U.S. Loan Modification Services, LLC ("U.S. Loan") present. The State of Nevada Division of Mortgage Lending ("the Division") was represented by and through its counsel, CATHERINE CORTEZ MASTO, Attorney General, by Deputy Attorney General, CHRISTINE M. PARVAN. The Division's examiner, Connie Clapham, was present and testified as a witness for the Division. Following the submittal of the documents by the Respondents and the Division, testimony by both Respondent Strum and Examiner Clapham, and comment in response by both parties, the matter was submitted for decision on October 7, 2010.

**FINDINGS OF FACT**

The licensing and regulation of loan modification consultants, foreclosure consultants and other persons providing 'covered services' as defined in Nevada Revised Statutes ("NRS") 645F.310 in the State of Nevada is governed by Chapter 645F of NRS and by permanent regulation R052-09 promulgated pursuant thereto (the "Regulation"). The Division has the general duty to exercise supervision and control over covered service providers, foreclosure consultants and loan modification consultants. See Chapter 645F of NRS and the Regulation. Respondent Strum contends that neither NRS 645F nor the Regulation applies to



1 transactions involving homeowners who reside outside the State of Nevada or who reside in  
2 Nevada, but own property outside the State of Nevada. The Hearing Officer found no basis in  
3 statutory or regulatory authority to support Respondent Strum's contention. Respondent  
4 Strum also contends that neither NRS 645F nor the Regulation applies to transactions  
5 involving attorneys, despite the fact that these attorneys are not licensed in the State of  
6 Nevada. The Hearing Officer found no basis in statutory or regulatory authority to support  
7 Respondent Strum's contention.

8         From at least March 2009 to August 2010, Respondents advertised for and/or solicited  
9 covered services, foreclosure consultant and/or loan modification consultant business in or  
10 from the State of Nevada, and offered or provided the services of a covered service provider,  
11 foreclosure consultant and/or loan modification consultant, or otherwise engaged in, carried  
12 on or held themselves out as engaging in or carrying on the business of a covered service  
13 provider, foreclosure consultant and/or loan modification consultant, in or from the State of  
14 Nevada.

15         Pursuant to Section 1 of LCB File No. E0033-08 ("Emergency Regulation"), "[t]he  
16 license of a loan modification and foreclosure consultant or loan modification and foreclosure  
17 consultant agent pursuant to these emergency regulations is effective upon the date that the  
18 Division receives [the applicant's]...completed application ..." On August 10, 2010,  
19 Respondent Strum applied for a 645F license for U.S. Loan Modification Services dba The  
20 Mortgage Modification Law Group.

21         On approximately January 27 2010, the Division issued U.S. Loan an independent  
22 licensee covered service provider license (License No. 3351). Respondents Jeff and Gail  
23 Strum (Associated License Nos. 46769 and 46768, respectively) were the owners, officers  
24 and managers of U.S. Loan.

25         Pursuant to Section 63 of the Regulation, the Division commenced a regularly  
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1 scheduled annual examination of U.S. Loan on April 5, 2010 which revealed, among other  
2 things, that U.S. Loan failed to place moneys collected from homeowners for the provision of  
3 covered services into a separate trust account at a federally insured depository institution  
4 located in this state and designated as "trust funds," "escrow accounts," or some other  
5 appropriate name indicating the funds did not belong to U.S. Loan, and commingled  
6 homeowners' money with its own. Examiner Clapham testified, and the Division submitted  
7 evidence, that Respondents maintained at least six (6) bank accounts including, Citibank  
8 Account #500352836 (hereinafter "Citibank Operating Account"), Citibank Account  
9 #500352836 (hereinafter "Citibank MLD Account"), Bank of America Account #501005924130  
10 (hereinafter "BOA Direct Customer Deposits"), Bank of America Account #501005924127  
11 (hereinafter "BOA Customer Check Deposits"), Bank of America Account #501005923173  
12 (hereinafter "BOA General Operating Account") and Bank of American #501005923953  
13 (hereinafter "BOA The Mortgage Modification Law Group Account"). None of these accounts  
14 was a proper trust account, in violation of NRS 645F and the Regulation.  
15

16 The Division submitted evidence in the form of correspondence, dated April 6, 2010,  
17 from Respondent Strum which indicated that the four (4) Bank of America accounts had  
18 "some crossover between them" and that "customers may have not only deposited into [BOA  
19 Direct Customer Deposits] and check deposits may have been made not only into [BOA  
20 Customer Check Deposits]." Examiner Clapham testified that, between August 2009 and  
21 February 2010, the Citibank Operating Account was consistently used as a depository for  
22 client monies, in violation of NRS 645F.394(1) and (2) and Sections 73 and 103(3)(n) of the  
23 Regulation. Such monies should have been deposited in a properly labeled "Trust" account.  
24 Examiner Clapham testified that Respondents and/or Respondents' employee, Rexanna  
25 Borden, indicated that the incorrectly-named Citibank MLD Account was "supposed to be a  
26 'trust' account," but the Division submitted evidence that, between the months of August 2009  
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1 to February 2010, either minimal or no funds were deposited in this account.

2 Examiner Clapham also testified that Respondents failed to keep and maintain complete  
3 and suitable records of all covered services transactions they conducted, including, but not  
4 limited to, records related to the trust account(s) which clearly identify: the name, address and  
5 telephone number of each homeowner; the account number of each loan; the address and  
6 contact information of each lender or loan servicer related to each loan; the amount and date of  
7 each deposit; and the amount and date of each withdrawal with the name of each recipient.  
8 Examiner Clapham testified that, at the date of the examination, Respondents did not maintain  
9 any client ledgers. Respondent Strum testified that such client ledgers exist, but in light of the  
10 evidence that despite numerous attempts by the Division and its counsel, Respondents have  
11 never provided such ledgers, Respondent Strum's testimony as to the existence of the client  
12 ledgers was not credible to the Hearing Officer.  
13

14 The Division proved, by substantial evidence, that Respondents failed to reconcile their  
15 bank accounts and/or failed to have monthly reconciled balances on deposit equal to all  
16 moneys collected and deposited and not yet legitimately disbursed, withdrew moneys  
17 collected from homeowners from their bank accounts without being able to explain what the  
18 money was used for, and utilized or converted trust moneys for their own personal business  
19 purposes. Examiner Clapham testified that she was only able to review Respondents' bank  
20 statements for the months of August 2009 to February 2010 because Respondents' and or  
21 Respondents' employee Borden indicated that any and all documents for account after  
22 February 2010 were "unavailable." Despite numerous attempts by the Division and its  
23 counsel, Respondent Strum has not, to date, provided the documents and/or other required  
24 information pertaining to bank account records after February 2010. Examiner Clapham  
25 testified, however, that, from August 2009 to December 2009 alone, at least over Three  
26 Hundred Thousand Dollars and No Cents (\$300,000.00) in "Members Draws" were withdrawn  
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1 and/or transferred from Respondents' bank accounts, but neither Examiner Clapham nor the  
2 Division can ascertain to which homeowners these monies belong, or for what purpose(s)  
3 these monies were used. Examiner Clapham also testified that, from August 2009 to  
4 December 2009 alone, at least over Two Hundred and Twenty Thousand Dollars and No  
5 Cents (\$220,000.00) was withdrawn and/or transferred for "American Express," but neither  
6 Examiner Clapham nor the Division can ascertain to which homeowners these monies  
7 belong, or for what purpose(s) these monies were used. Examiner Clapham testified, and  
8 Respondents did not deny, that Respondent Strum was the only one who had unlimited  
9 access to all six (6) of Respondents' bank accounts. Further, Respondent Strum admitted,  
10 both in correspondence to the Division and at the hearing, that Respondents cannot reconcile  
11 their bank accounts, in violation of Section 73 of the Regulation, which provides that the trust  
12 account "[m]ust at all times have a reconciled balance on deposit equal to all money collected  
13 and deposited and not yet legitimately disbursed... [and] [m]ust be reconciled monthly by the  
14 independent licensee..."  
15

16 The Division also points out that, pursuant to correspondence dated July 29, 2010,  
17 Respondents' bond with Fidelity and Deposit Company of Maryland is cancelled. Based on  
18 this failure to maintain a bond, in violation of Section 80 of the Regulation, Respondents  
19 should not be engaged in any activity that requires an independent license pursuant to NRS  
20 645F.  
21

### 22 CONCLUSIONS OF LAW

23 The Hearing Officer finds that the evidence as a whole sufficiently demonstrates that  
24 Respondents knowingly and willfully:

- 25 1. Failed to file an annual accounting and a financial statement, in violation of NRS  
26 645F.394(2) and Section 74 of the Regulation;  
27  
28

2. Failed to deposit client moneys in a trust account and/or removed money from a trust account when not authorized to do so, in violation of NRS 645F.394(1) and (2) and Sections 73 and 103(3)(n) of the Regulation;

3. Did not and do not conduct business in accordance with law, in violation of Section 103(3)(c) of the Regulation;

4. Are in such financial condition that they cannot conduct business with safety to their customers, in violation of Section 103(3)(d) of the Regulation;

5. Have commingled clients' money with their own or have converted such money to their own use, in violation of NRS 645F.394(1) and (2) and Regulation 103(3)(n); and

6. Have failed to keep in full force and effect a proper surety bond payable to the State of Nevada, in violation of Section 80 of the Regulation.

### **ORDER**

Based upon the testimony and evidence submitted, the Hearing Officer concludes that the imposition of an administrative fine in this matter for the six (6) violations of NRS 645F and the Regulation in the total amount of Fifty Thousand Dollars and No Cents (\$50,000.00) is appropriate.

Based upon the respective violations of NRS 645F and the Regulation, Respondents are to reimburse the Division its administrative fees and costs in the amount of Ten Thousand One Hundred Eighty Four Dollars and No Cents (10,184.00), including Three Hundred Fifty Dollars and No Cents (\$350.00) in administrative costs, Five Thousand Two Hundred Fourteen Dollars and No Cents (\$5,214.00) in examination fees and related collection costs, One Thousand Four Hundred Forty Dollars and No Cents (\$1,440.00) in Examiner fees in preparation for the hearing, and One Hundred Eighty Dollars and No Cents (\$180.00) in investigative costs. Respondents are to also reimburse the Division its attorneys' fees in the amount of Seven Thousand Seven Hundred Eighty Dollars and Fifty Cents (\$7,780.50).

1 Based upon the testimony and evidence submitted, the Hearing Officer concludes that  
2 the totality of the facts and circumstances concerning Respondents' violations of NRS 645F  
3 and the Regulation require that Respondents, and each of them, IMMEDIATELY CEASE  
4 AND DESIST from the following activities:

5 1. Advertising for and/or soliciting covered services, foreclosure consultant and/or  
6 loan modification consultant business in the State of Nevada, whether as an independent  
7 licensee or as an associate licensee, without further written approval of the Division to  
8 conduct such activities; and  
9

10 2. Offering or providing any of the services of a covered service provider,  
11 foreclosure consultant and/or loan modification consultant, or otherwise engaging in, carrying  
12 on or holding themselves out as engaging in or carrying on the business of a covered service  
13 provider, foreclosure consultant and/or loan modification consultant, whether as an  
14 independent licensee or as an associate licensee, in the State of Nevada without further  
15 written approval from the Division to conduct such activities.  
16

17 The Hearing Officer also concludes that the totality of the facts and circumstances  
18 concerning Respondents' violations of NRS 645F and the Regulation require that  
19 Respondents immediately (a) cancel all contracts, if any, with any and all homeowners and  
20 refund to such homeowners all moneys collected by US Loan Modification Services, The  
21 Mortgage Modification Law Group, Jeff Strum, or Gail Strum from such homeowners for which  
22 completed services have not been rendered, or (b) obtain the written consent of the  
23 homeowners to transfer their files, moneys and contracts to a licensed, bonded independent  
24 licensee, HUD-approved counseling service or other entity exempt from Chapter 645F of  
25 NRS.  
26  
27  
28

1       The Hearing Officer also concludes that the totality of the facts and circumstances  
2 concerning Respondents' violations of NRS 645F and the Regulation require that  
3 Respondents:

4       1.     Immediately notify in writing all homeowners involved in an open or pending  
5 covered service transaction with US Loan Modification Services, The Mortgage Modification  
6 Law Group, Jeff Strum, or Gail Strum of this Decision and Order;

7       2.     Submit to the Commissioner, within five (5) business days from the date of the  
8 service of this Decision and Order, a list of all open or pending covered service transactions with  
9 US Loan Modification Services, The Mortgage Modification Law Group, Jeff Strum, or Gail  
10 Strum, along with proof of mailing of the written notice required in section 1, above;

11       3.     Retain, within five (5) business days after service of this Order and at their own  
12 expense and choosing, a Nevada licensed or registered certified public accountant to reconcile  
13 all books and records of US Loan Modification Services and The Mortgage Modification Law  
14 Group's operating accounts and trust accounts maintained for customer funds, including  
15 reconciliation to bank statements, and all transfers between operation and trust accounts, from  
16 July 1, 2009 to the present time, and submit the reconciliation to the Commissioner within  
17 fourteen (14) days from the date of retention of the certified public accountant. Such  
18 reconciliation shall specifically include, but is not limited to, a complete accounting of all  
19 moneys that, pursuant to NRS 645F.394 and Section 103 of the Regulation, should have  
20 been held in trust for each homeowner for whom US Loan Modification Services, The  
21 Mortgage Modification Law Group, Jeff Strum, or Gail Strum have not fully completed covered  
22 services for which they contracted. Further, such certified public accountant shall be unrelated  
23 to Respondents or their family members, and Respondents shall provide the name, address,  
24 and telephone number of such certified public accountant to the Division immediately upon his  
25 or her retention; and  
26  
27  
28

4. Upon submission to the Commissioner of the reconciliation provided for in Number 3, above, Respondents shall, within three (3) days, deposit sufficient money into a trust account(s) to rectify any shortfall that is discovered as a result of such reconciliation, and shall provide proof of such deposit in writing to the Commissioner.

IT IS SO ORDERED this 19 day of October, 2010.

By:

Nancy K. Richins, Esq.  
Hearing Officer

Submitted by:

Christine M. Parvan, Esq.  
Deputy Attorney General  
555 E. Washington Ave., # 3900  
Las Vegas, NV 89101  
Attorneys for The State of Nevada Division of Mortgage Lending

**NOTICE:** Pursuant to NRS 233B.130, should any party desire to appeal this final determination of the Appeals Officer, a Petition for Judicial Review must be filed with the District Court within thirty (30) days after service by mail of this decision.



**CERTIFICATE OF MAILING**


The undersigned, an employee of the State of Nevada, Department of Administration, Hearings Division, does hereby certify that on the date shown below, a true and correct copy of the foregoing was duly mailed, postage prepaid **OR** placed in the appropriate addressee runner file at the Department of Administration, Hearings Division, 2200 S. Rancho Drive, #220, Las Vegas, Nevada, to the following:

US LOAN MODIFICATION SVCS LLC  
JEFF STRUM & GAIL STRUM  
9608 GRAND ISLE LN  
LAS VEGAS NV 89144

DIVISION OF MORTGAGE LENDING  
STATE OF NEVADA  
NANCY CORBIN  
7220 BERMUDA RD STE A  
LAS VEGAS NV 89119

CHRISTINE PARVAN ESQ  
OFFICE OF THE ATTORNEY GENERAL  
555 E WASHINGTON AVE STE 3900  
LAS VEGAS NV 89101

Dated this 19<sup>th</sup> day of October, 2010.

  
\_\_\_\_\_  
Rose A. Wagner, Legal Secretary II  
Employee of the State of Nevada

**CERTIFICATE OF SERVICE**

I certify that I am an employee of the State of Nevada, Department of Business and Industry, Division of Mortgage Lending, and that on, October 26, 2010, I deposited in the U.S. mail, postage prepaid via First Class Mail and Certified Return Receipt Requested, a true and correct copy of the foregoing, FINAL ORDER for JEFF STRUM AND GAIL STRUM, addressed as follows:

Jeff Strum and Gail Strum  
U.S. Loan Modification Services, LLC  
9608 Grand Isle Lane  
Las Vegas, NV 89144

Certified Receipt Number: 7008 1830 0002 7959 6722

DATED this 25th day of October, 2010

By: Sheila Garduno  
Employee of the Division